Saskatchewan
Agriculture

Annual Report
1988

Saskatchewan Natural Products Marketing Council

91-00239/

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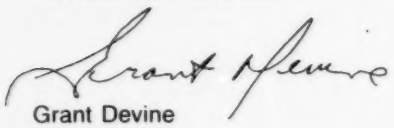
To Her Honour
The Honourable Sylvia Fedoruk
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit the 1988 Annual Report of the Saskatchewan Natural Products Marketing Council.

Respectfully submitted,



Grant Devine
Premier and
Minister of Agriculture

Honourable Grant Devine
Premier and
Minister of Agriculture
Legislature of Saskatchewan
REGINA, Saskatchewan
S4S 0B3

Dear Premier Devine:

In accordance with section 10 of The Natural Products Marketing Act, I submit herewith the Annual Report of the Natural Products Marketing Council for 1988.

Respectfully submitted,

Blair Backman, Chairman
Natural Products Marketing Council

Duties of Council

The Natural Products Marketing Council is established under The Saskatchewan Natural Products Marketing Act, R.S.S. 1978. This Act allows for the creation of marketing boards and marketing commissions for farm products in Saskatchewan. The duties of the Natural Products Marketing Council as outlined in section 7 of the Act include:

(a) advise the Minister on all matters relating to the establishment and operation of boards, commissions, and any agencies empowered to act under this Act;

(b) be responsible to the Minister for the operation and administration of boards and commissions and for that purpose, shall make and enforce such regulations as may from time to time be approved by the Lieutenant Governor in Council;

(c) conduct or supervise votes on marketing plans as required by the Lieutenant Governor in Council or the Minister;

(d) perform such other duties relating to the marketing of natural products as the Minister may require.

Saskatchewan Natural Products Marketing Council Members
(as of December 31, 1988)

Mr. Blair Backman, Vice-Chairman, Consul
Mr. Lorne Christopherson, Weldon
Mr. Al Mulhern, Meyronne
Mr. Fred Stokes, Dubuc
Mrs. Shirley Warden, Regina

Staff
Mr. Roydon G. White, Secretary, Regina

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Introduction

The Natural Products Marketing Council met a total of twelve times in 1988 in order to carry out its supervisory role for boards and commissions established under The Natural Products Marketing Act.

Highlights and accomplishments in 1988 were:

- A producer plebiscite and subsequent establishment on July 8, 1988, of the Saskatchewan Vegetable Marketing and Development Plan;

- Review of two proposals for a producer administered marketing and development plan for the Saskatchewan sheep industry. The Council subsequently assisted in the collaborative development of a development plan that represented the interests of all major interest groups in the industry;

- An investigation and subsequent hearing on an appeal brought by two Saskatchewan chicken processors regarding the price level set by the Chicken Marketing Board for live broilers;

- Continued review of activities of boards and commissions for the purpose of identifying and addressing issues and policies affecting the interests of the public as well as the producer;

- Retirements of Mr. Ken Rosaasen, Chairman, and Mr. Jack Stueck as members of the Council;

- Maintenance of a positive relationship with boards and commissions and ensuring that they operated within the terms of reference contained in their respective marketing plans.

The Council's interests were often directed towards the national scene in 1988. Close attention was paid to the Canadian Chicken Marketing Agency and its approach in satisfying the rapidly changing and diverging needs of stakeholders in the national marketing system. The CCMA struck a technical committee in 1988 to examine the quota allocation system and its recommendations are expected to be implemented in 1989. The Canadian Egg Marketing Agency was exploring ways to improve its system for controlling the interprovincial movement of table eggs, for lowering of cost of surplus removal and preparing the industry for new challenges under the Free Trade Agreement and the GATT. Many of these challenges remained outstanding at the close of 1988. The Council will continue to monitor the impact of international and interprovincial trade and marketing agreements in the best interests of the province of Saskatchewan.

Supervision of Marketing Boards and Commissions

In 1988 the Natural Products Marketing Council was responsible to the Minister of Agriculture for the operation and administration of the following marketing boards and commissions under The Natural Products Marketing Act:

The Saskatchewan Broiler Hatching Egg Producers' Marketing Board
The Saskatchewan Chicken Marketing Board
The Saskatchewan Commercial Egg Producers' Marketing Board
The Saskatchewan Pork Producers' Marketing Board
The Saskatchewan Pulse Crop Development Board
The Saskatchewan Sheep and Wool Marketing Commission
The Saskatchewan Turkey Producers' Marketing Board
The Saskatchewan Vegetable Marketing and Development Board

In order to fulfill its responsibility for these boards and commissions, Council engaged in the following activities:

1. The minutes of meetings of boards and commissions were reviewed;

2. Council representatives attended meetings of boards and commissions and reported back to Council;

3. Joint meetings of Council with representatives from the following marketing boards and commissions were convened:

   Saskatchewan Broiler Hatching Egg Producers' Marketing Board;
   Saskatchewan Chicken Marketing Board;
   Saskatchewan Commercial Egg Producers' Marketing Board;
   Saskatchewan Sheep and Wool Marketing Commission;
   Saskatchewan Vegetable Marketing and Development Board;

4. Council members attended the annual meetings of the poultry marketing boards as well as the Pork Producers' Marketing Board and The Pulse Crop Development Board;

5. Council cooperated with the poultry boards in representing the interests of Saskatchewan at national meetings;

6. Council reviewed the annual reports of the boards and commissions;

7. Council facilitated the development of the proposed Sheep Development Plan and attended public meetings to observe the producer feedback on the proposal;

8. Council facilitated the resolution of complaints against actions of marketing boards by providing conciliation and conducting one appeal hearing.

The Natural Products Marketing Council reports that the marketing boards and commissions met their obligations under The Natural Products Marketing Act in 1988.

Approval of Board and Commission Marketing Orders

Marketing boards and commissions exercise certain powers granted to them by their marketing plans through marketing orders. These orders require Council approval. Council reviewed and approved the orders listed below in 1988:

Saskatchewan Commercial Egg Producers' Marketing Board

Order No. 32/88: Excess Layer Deterrent Fees and Penalties

Purpose: The Order was updated to increase the payable penalty fee in the event that a producer has been identified as being over quota. This would better discourage overplacement and overproduction.

Saskatchewan Chicken Marketing Board

Order No. 20/88: Stand-Downs and Basic Quota Cancellation

Purpose: The Order was updated to better describe the terms and conditions for temporary stand-down from production of quota.

Saskatchewan Turkey Producers' Marketing Board

Order No. 27/88: Operating Fees and Service Charges

Purpose: The Order was changed to lower the operating fees payable by producers.

New Marketing Plans Reviewed in 1988

Under The Natural Products Marketing Act, plans for new marketing boards are referred by the Minister of Agriculture to the Natural Products Marketing Council for review and recommendation. In 1988, Council acted on two proposals by representatives of the Saskatchewan sheep industry.

Saskatchewan Sheep Development Plan

The Natural Products Marketing Council was directed to review two proposals that were submitted to the Minister of Agriculture in 1988. One proposal was submitted on April 8, 1988 by the Prairie Shepherd's Cooperative Ltd. Another proposal was submitted on August 3, 1988 by the Saskatchewan Sheep and Wool Marketing Commission on behalf of the following producer groups:

Lakeland Lamb Growers Cooperative
Riverside Sheep Cooperative
Saskatchewan Sheep Breeders' Association
Southern Saskatchewan Wool Growers Association,
Western Canada Wool and Wool Breeds Association

Council reviewed the plans in detail and found that both put forward the same general principles. A meeting was held successfully on August 22, 1988 to discuss the development of a single plan which represented the views of the entire industry. Subsequent meetings were held at various locations to receive producer feedback on a plan with the following principles:

1. The government appointed commission would be replaced by a producer elected board;

2. The objectives of the board would be:
   - to coordinate and inform the sheep industry on matters related to the production and marketing of sheep and sheep products;
   - to ensure the provision of services required for the profitable marketing of sheep products;
   - to promote harmony and communication within the industry;
   - to develop the potential of the industry through extension and development of the market and promotion of sheep products; and

3. The board would be funded by the collection of a general service fee from all producers with breeding ewes.

At the close of 1988, the Council was preparing to recommend to the Minister of Agriculture as to whether the proposed plan should be put to a vote of producers.

Appeals Under the Act

The Natural Products Marketing Act allows any person aggrieved by a decision of a marketing board or marketing commission to appeal the matter to the Natural Products Marketing Council. Council hears the parties involved, and makes a ruling on the appeal.

On February 4 and 11, 1988, Plains Poultry Ltd. and Canada Packers, Poultry Division, respectively, filed appeals regarding actions taken by the Saskatchewan Chicken Marketing Board in setting the minimum live price to be paid to producers. The processors filed the appeal because they felt that the producer price had been set too high in relation to our neighbouring provinces. The appeal hearing was held on February 25, 1988.

In January, 1988, the prevailing market for broilers was under pressure as a result of overproduction in the fifth period (November and December) of 1987. Storage stocks were up 59% across Canada and 97% in Saskatchewan. Producer prices were falling steadily as a result of the depressed wholesale market, particularly in the prairie region. Both producers and processors were losing money as a result of narrowing profit margins.

When Alberta's and Manitoba's producer price was lowered in the second week of January, 1988, the Saskatchewan Board did not follow suit. The Board felt that producers had already taken significant losses and decided not to follow the rapid producer price drop that was occuring in other provinces. This aggravated the rate of financial loss by processors. In order to curb losses, the processors held back three cents (per live kilogram) on the price paid to producers and kept the money in escrow until the outcome of the appeal.

Council recognized that forces outside Saskatchewan had put our industry into a position of little manoeuverability. Nevertheless, both processors and producers had shared in the development of the problem and should share, to some degree, the consequences. Council ruled that from the day on which the appeals were filed by each processor regarding the disposition of the three cents held in escrow, the processors would retain two cents and the producers would receive one cent in settlement.

Board and Commission Operations

The Saskatchewan Broiler Hatching Egg Producers' Marketing Board

The Saskatchewan Broiler Hatching Egg Producers' Marketing Plan was established on August 12, 1985 under the authority of The Natural Products Marketing Act. The board of directors for 1988 was:

Gerry Leduc, Chairman, Assiniboia
Mervyn Slater, Vice-Chairman, Tramping Lake
George Murray, Saltcoats
Donald H. Conrad, Secretary/Manager, Regina

The Board regulates the production of broiler hatching eggs used for the commercial production of broiler chicken in Saskatchewan. The Board's objective is to provide for an adequate supply of eggs in the hatching egg industry and to stabilize and improve producer returns.

National Agency

Saskatchewan had been asked to become a full member of the Canadian Broiler Hatching Egg Agency when it was established in 1986. The Board had remained interested during the course of 1987, but the implications of membership had never been closely analyzed until 1988. Discussions held in March of 1988 between representatives of the Council, the Board and the national agency concluded with Saskatchewan's decision to remain outside of the national plan. No real advantages were evident to Council regarding Saskatchewan's participation. In fact, some distinct disadvantages were apparent that put small provinces like Saskatchewan at a disadvantage to larger producing provinces in the national plan. Until the disadvantages could be removed, it did not appear to Council that membership in the national agency would be worthwhile.

Producer Numbers and Quota Allocation

Fourteen producers registered with the Board in 1988.

Quota allocation for 1988 was 106,330 hens with a potential production of 15.4 million hatching eggs. This represents no change from the allocation in 1987. Flock sizes indicate the distribution of quota amongst producers and are listed in the following table.

Broiler Hatching Egg Flock Sizes in Saskatchewan 1986-88
(Number of Breeder Hens)

Flock Size	Number of Quota Holders		
	1986	1987	1988
100 - 999	2	2	0
1,000 - 2,999	4	4	5
3,000 - 4,999	1	1	1
5,000 - 6,999	2	1	1
7,000 - 10,000	4	5	5
18,000	1	1	1
28,500	1	1	1
Total	15	15	14

Quota Changes

One transfer of 500 hens was approved on November 10, 1988. This lowered the number of licensed producers from 15 to 14 in 1988.

Minimum Price

The 26.5 cent price per saleable chick set August 1, 1986 held steady until August 1, 1988 when the price of 27.25 cents per saleable chick was negotiated. Effective September 1, 1988, the minimum price was set at 29.5 cents per saleable chick (less 2% for culling).

Producer Levy

The levy continued at 30 cents per 100 eggs delivered to the hatchery, no change from 1987.

Marketings

The following table describes the performance of the industry over the last three years.

Broiler Hatching Egg Marketing 1986-88

	1986	1987	1988
Total Broiler Type Eggs Set	**	15,721,336	15,488,894
Total Broiler Type Chicks Hatched	**	11,764,630	11,585,024
Total Broiler Type Eggs Marketed	3,575,335	12,646,667	12,095,970
Estimated Value of Marketings	$729,022	$3,351,366	$3,205,432

** Data not available

Extension Services

Mr. Carlyle Bennett continued as a poultry extension specialist and Dr. Bob Goodhope was hired to fill the veterinary position. The Board's assessment for the cost of extension services continued at $6,000 in 1988.

1988 Review

1988 was a year of rapidly rising feed prices as well as moderate increases in other production inputs. The reported average feed price showed an 18.25% increase in breeder feed, 22.00% increase for grower, and 17.90% increase for starter from the beginning of the year. Two price increases, .75 cents on August 1 and 2.75 cents on September 1, helped producers maintain an adequate return on investment.

Outlook for 1989

The Board expects to take more positive actions in 1989 as levy revenues are expected to provide a positive balance for the first time since the Board was established in 1985. Attention will be focused on the impact of Free Trade and the GATT in 1989. The Board will also be striving for more complete supplying of the Saskatchewan market and the efficient use of existing quota.

The Saskatchewan Chicken Marketing Board

The Directors of the Saskatchewan Chicken Marketing Board for 1988 were:

Charles Stueck, Chairman, Abernethy
John Reddekopp, Vice-Chairman, Dalmeny

Ray Hayko, Director, Regina
Dave Keet, Director, Vanscoy
Phil Stilborn, Director, Balcarres

G.J. Novak, Secretary/Manager, Regina

The Saskatchewan Chicken Marketing Board, in conjunction with The Canadian Chicken Marketing Agency (CCMA) regulates the quantity of chicken produced in Saskatchewan. The Saskatchewan Board sets the price of chicken through negotiation with poultry processors. The objective of the Board is to improve and stabilize producer returns by managing product supplies.

Producer Numbers

There were 73 producer licenses issued in 1988. One transfer was approved by the Board, which involved a total of 6,000 broilers. 1987 transfers totaled 169,330 broilers and 19,000 roasters. An average of 0.4% of production changed hands in 1988 as compared to 11.00% in 1987. Distribution of quota is described in the table to the right.

The quota base in 1988 was 1,673,211 broilers per cycle and 271,040 roasters per year. This represents a 5.7% increase in broiler quota and a 17.2% increase in roaster quota over 1987. The production level over the last four years is described in the following table.

Distribution of Quota Holdings
(Number of Producers)

Broiler Flock Size	1985	1986	1987	1988
1,000 to 9,999	4	2	1	2
10,000 to 14,999	9	10	12	12
15,000 to 19,999	30	30	27	27
20,000 to 29,999	9	7	10	10
30,000 to 39,999	6	7	6	6
40,000 birds or more	9	8	9	9
Roasters Only	3	4	3	2
Roaster/Broiler	0	0	5	5
Total	70	68	72	73

The total dollar value of chicken produced in Saskatchewan over the last four years is described in the following table.

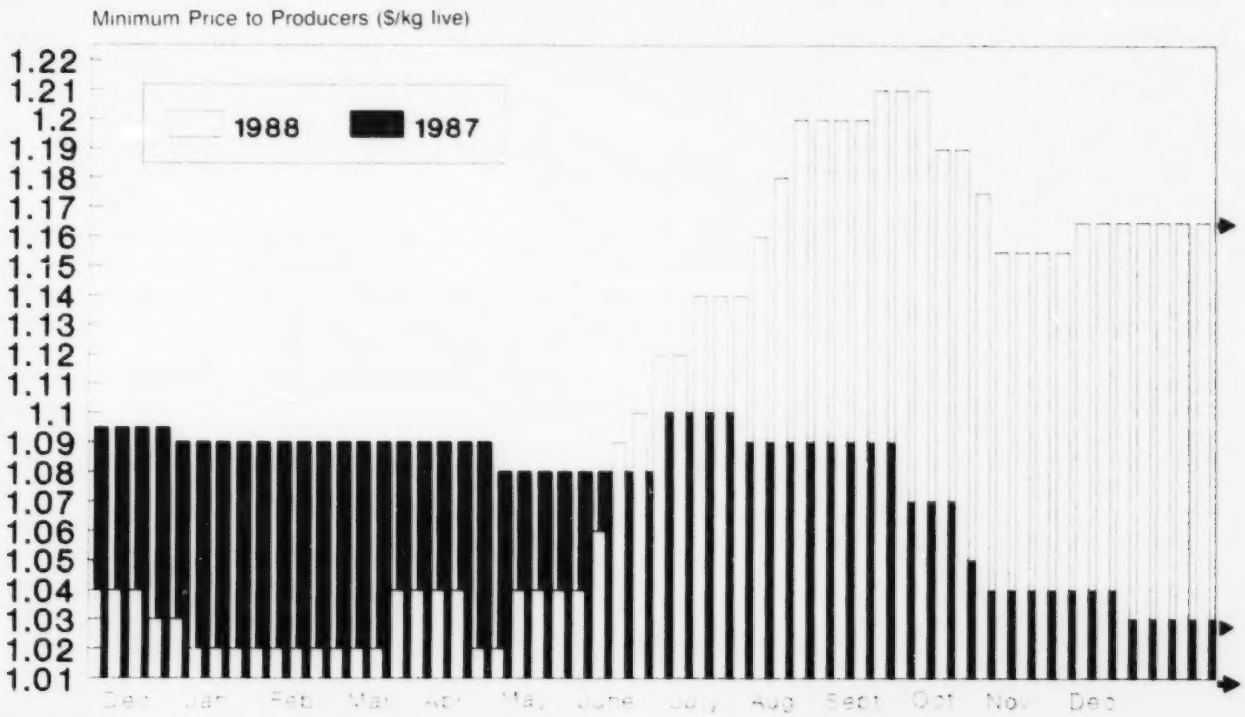
Value of Production to Producers from 1985 to 1988

Year	Value	Production
1985	$17.76 million	15,518,100 kg
1986	$18.39 million	16,814,428 kg
1987	$19.79 million	18,015,300 kg
1988	$20.27 million	17,508,507 kg

Saskatchewan Chicken Production from 1985 to 1988

Year	Type of Bird	No. of Birds	Live Weight (kgs)	Ave. Live Bird Weight (kgs)
	Broilers			
1985		8,378,260	14,861,800	1.77
1986		8,902,000	16,123,100	1.81
1987		9,508,000	17,305,300	1.82
1988		9,284,950	16,873,200	1.82
	Roasters			
1985		212,148	656,300	3.09
1986		223,904	691,328	3.08
1987		231,255	709,955	3.07
1988		191,434	581,007	3.04

Broiler Producer Price Changes in 1987-88



Source: Sask. Chicken Marketing Board Price Bulletins Nos. 173-191

Prices

The graph above illustrates the broiler producer price changes in 1988 in comparison to 1987. The price trend in 1988 demonstrates a recovery from the low prices in 1987.

Producer Levies

On May 1, 1988, the levy increased from 1.025 to 1.150 cents/kg. The CCMA levy had increased at that time from .02816 to .034 cents/kg. The 1988 levy produced $198,160 of which $61,564 was collected for the CCMA. This compares to $185,653 collected in 1987 when $41,863 was turned over to the CCMA.

Quota Allocation

Saskatchewan's total allocation for 1988 was 14,661,966 kg eviscerated weight. Production amounted to 13,207,539 kg (evisc.). This was equivalent to a shortfall of 1,454,427 kg or 9.9%. The Board's total live weight allocation in 1988 was 17,301,588 kg with a production of 17,454,207 kg.

Producer Extension Program

The poultry extension program is delivered by a two person team operating out of the University of Saskatchewan. Both positions were vacant at the beginning of 1988 but were filled by July of 1988. The entire program is funded jointly by the four poultry marketing boards. The Chicken Marketing Board's share amounted to $41,000 in 1988.

Seminars were held in Wynyard and Dalmeny and were attended by 38 producers.

Promotion

The Board, under agreement with "Just Chicken", continued to conduct barbecues in 1988 where 10,486 halves of chicken were cooked.

Approximately 25,000 pieces of literature (cook books and recipes) were mailed out to schools and institutions and distributed at Farm Progress Shows, Western Canadian Agribition and the Saskatoon Mexabition.

Point of sale material was distributed at the Canadian Western Agribition as well as at the Farm Progress Show. At five separate activities the Board had Lucille Saum, home economist, doing demonstrations of cooking chicken (microwave as well as conventional methods). Taste samples of cooked chicken were distributed along with recipes and cook books (meat - courtesy of Canada Packers and Plains Poultry). Producer competitions were held at the 1988 Agribition attracting 14 entrants.

Outlook for 1989

The Canadian Chicken Marketing Agency expects a more profitable year in 1989 since storage stocks have returned to manageable levels and costs of production are expected to be lower than 1987 costs. The chicken industry in Saskatchewan anticipates normal production patterns in terms of meeting the provincial allocation. Feed grain availability will also impact upon the cost of production. Profit margins in 1989 will vary according to movement of product on the wholesale market on the prairies.

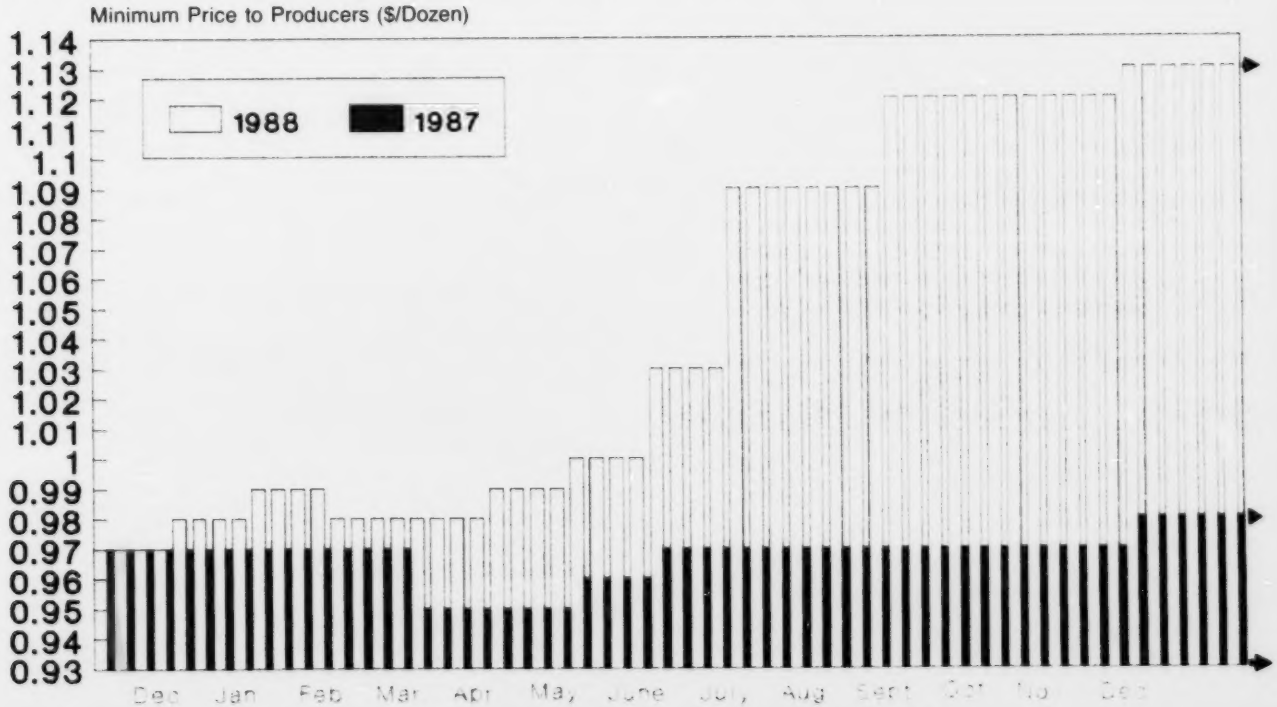
The Saskatchewan Commercial Egg Producers' Marketing Board

The Directors of the Saskatchewan Commercial Egg Producers' Marketing Board for 1988 were:

Ted Wiens, Chairman, Regina
Albert Folmer, Vice-Chairman, Prince Albert
Karen Crawford, Rosetown
Duncan Crick, Gravelbourg
Carol Teichrob, Saskatoon
Harry Waddell, Humboldt

Dave Mackie, Secretary/Manager, Regina

Saskatchewan Grade "A" Large Price Levels 1987-1988



Source: Sask. Commercial Egg Producers Marketing Board Price Bulletins Nos. 202-211

The Saskatchewan Commercial Egg Producers' Marketing Board, in conjunction with the Canadian Egg Marketing Agency (CEMA), manages the quantity of eggs produced in Saskatchewan for the table-egg market and sets the price of eggs. The Board's objective is to improve and stabilize producer returns.

Production and Marketing

The following table gives a historical record of the number of registered producers, along with their marketings and the value of those marketings:

Table Egg Marketings 1984 - 1988

Year	Producers	Marketings (million doz.)	Value of Marketings ($ million)
1984	99	13.83	12.49
1985	92	14.37	12.50
1986	85	14.68	13.01
1987	81	14.90	13.06
1988	81	15.29	14.48

Producer Price

The graph on the previous page illustrates the producer price changes put into effect by the Board during 1988.

Quota Allocation

Saskatchewan's total quota for 1988 was 700,172 layers. This was unchanged from 1987. The following table describes the distribution of quota.

Saskatchewan Commercial Egg Quota Distribution 1987-1988

Flock Size	Number of Producers January 1, 1987	January 1, 1988
300 - 1,000	4	4
1,001 - 3,000	12	12
3,001 - 5,000	19	19
5,001 - 10,000	23	23
10,001 - 20,000	13	13
20,001 and over	10	10
TOTAL	81	81

Review of 1988

The 1988 drought brought increased production costs to the table egg industry. Table egg price increases during 1988 were essentially a result of increased costs of production, particularly in regard to the increased cost of feed and pullets.

Provincial table egg disappearance in 1988 was 843,318 boxes (15 doz./box). This is 0.9% lower than 1987. Surplus declaration increased, from 1.95 million doz. in 1987 to 2.69 million doz. in 1988. Increased surpluses were a result of an unexpected decline in demand. In an attempt to lower the surplus levels, the CEMA implemented an Early Fowl Removal Program for the period between week 16 and week 41. A national quota cut of 2.0% was also put into effect on December 31, 1988.

Outlook for 1989

Demand appears to be leveling off nationally. Imports are expected to rise as a result of the Free Trade Agreement. As a result, producers may expect to receive additional quota cuts to prevent excess losses for surplus removal.

The Saskatchewan Pork Producers' Marketing Board

The directors of the Saskatchewan Pork Producers' Marketing Plan in 1988 were:

Richard Wright, Chairman, Wawota
Garth Larsen, Vice-Chairman, Semans
Ken Jamieson, Director, Battleford
Ben Gaudet, Bellevue
Donald Kolla, Cudworth
Harvey Wagner, Hague
Irvin Yorga, Flintoft

Jim Morris, General-Manager, Saskatoon

The Saskatchewan Pork Producers' Marketing Board markets all slaughter hogs produced in Saskatchewan, provides production and marketing information to producers through the Board's regular newsletter, contributes toward research projects for hogs, promotes pork consumption and administers Saskatchewan's part of the National Tripartite Stabilization Program for Hogs.

1988 Marketing Summary

Marketings in 1988 were 1,050,650 head; this is an increase of 211,471 from 1987 (25.2). The number of production units marketing hogs through the Board in 1988 increased to 6,411 units. The total value of hogs decreased to $109.9 million, down 2.9% from $113.2 million in 1987.

1988 Marketing Highlights

	1987	1988
Total Hog Sales (No.)	816,337	1,027,675
Hogs settled by small plants and sow auctions	22,842	22,975
Total Saskatchewan Marketings	839,179	1,050,650
Active Production Units	5,014	6,411
Gross Paid to Producers	$113.2 million	$109.9 million
Weekly Delivery Highlights		
High - week ending Dec. 18/87	21,717	
Pool price that week	$132.40	
- week ending Oct. 21/88		23,471
Pool price that week		$117.20
Low - week ending Apr. 17/87	13,692	
Pool price that week	$156.00	
- week ending Feb 5/88		15,062
Pool price that week		$143.00
Grading Highlights		
Average Index (excluding 67's**)	102.60	102.60
% Hogs Grading 101 and over	70.20	65.90
Average Hog Weight, Dressed, kgs	80.40	80.50
Price Highlights		
Average Hog Price per ckg*, dressed, index 100	$167.82	$130.89
Average Gross Value per Hog	$138.35	$107.33
High - pool price week ending July 24, 1987	$204.20	
- pool price week ending June 10, 1988		$157.50
Low - pool price week ending December 31, 1987	$126.80	
pool price week ending November 25, 1988		$111.00
Average sow price, per ckg. Dressed [1] Heavy	$113.34	$77.62
Boar Sales		
Number Sold	3,155	5,150
Total Value	$541,230.82	$474,384.18
Average price($/ckg. live)	$72.47	$46.32

* ckg. = 100 kgs
** 67's are ridglings

Note: Weights expressed in kilograms; prices expressed in dollars per 100 kilograms.

Destination of Hogs

In 1988, 94.67% of hogs went to slaughter in Saskatchewan. Shipments to U.S.A. increased from 1.07% to 3.65% of the total. Shipments to other provinces decreased from 1.96% in 1987 to 1.68% in 1988 even though absolute numbers increased from 1987 to 1988 by 1,302 hogs. The table at the bottom of the page shows the number shipped.

Pork Promotion

Saskatchewan producers contributed approximately 23 cents per hog toward pork promotion. Of the 23 cents, 10 cents was designated for retail promotion, 5 cents was designated for food service promotion and 8 cents was designated for in-province promotion activities.

While the food service industry is slow in expansion in Saskatchewan compared to more urban populated provinces, pork is still gaining popularity. Promotions were carried out nationally, including Sears, Delta Hotels and Canadian Airlines. Provincial promotion included the Bay, Mieka's, Landmark Inn, Bessborough, Saskatoon Inn and Lydia's.

Destination of Hogs 1987 - 1988

	Quantity		Percentage	
Destination	**1987**	**1988**	**1987**	**1988**
Saskatchewan	791,616	972,923	96.97	94.67
Other Provinces*	15,989	17,291	1.96	1.68
U.S.A.	8,732	37,461	1.07	3.65
Totals	816,337	1,027,675	100.0	100.0

* Revised from the 1987 Annual Report of Council

The Board participated in Saskatchewan's largest restaurant industry show, Food-A-Rama, where over 1,000 food service operators attended.

Retail promotions centered on the pork steak concept for the second consecutive year. In total, 290 outlets in Saskatchewan participated to some extent in the retail seminar program.

The Canada Pork program continued with involvement in activities such as the Canadian Medical Convention and celebration of Canadian Meat Month.

Agribition was also a successful opportunity for pork promotion where the Board participated in the Lifestyles Showcase, the Agri-Educational Showcase and the Back-Bacon-on-a-Bun selling booth.

Board Activities in 1988

Hog numbers in 1988 approached the record breaking levels of the early 1970's, with the percentage increase the highest in Canada. Because of higher hog prices and low grain prices in the preceding two years, the increase came as no surprise. However, the increased numbers precipitated a pronounced down-turn in the hog cycle, an extended period of depressed prices and a longer than normal recovery period.

Major events of 1988 included developments in the National Tripartite Stabilization Program, the U.S. countervailing duty and the Free Trade Agreement. Lower prices triggered Tripartite payments in three quarters of 1988 with third and fourth quarter payments much larger than anticipated.

Trade issues were positive in terms of reduction of the U.S. duty on live hog exports from $10.00/head to $5.00/head. However, the U.S. National Pork Producers Council filed for a countervailing duty on fresh, frozen and chilled pork exports. If successful, the duty could be imposed as early as May of 1989.

Outlook for 1989

The tight profit margins and negative returns throughout 1988 are expected to extend into the second quarter of 1989, creating significant cash shortages and making hog production an extremely challenging enterprise. However, the Canada/U.S. Free Trade Agreement presents the Saskatchewan industry with potentially greatly enhanced trade prospects.

The Saskatchewan Pulse Crop Development Board

The Directors of the Saskatchewan Pulse Crop Development Board in 1988 were:

Ron McKinnon, Chairman, Abernethy
Greg Simpson, Vice-Chairman, Moose Jaw
Keith Cheston, Regina
Ray Cooper, Laporte
Bill Sheppard, Lucky Lake
Don Tait, Elrose
Vince Walker, Star City

Donald Jaques, Administrator, Regina

The Saskatchewan Pulse Crop Development Board was established July 13, 1984. The general purpose and intent of the plan is to provide for the effective development of the Saskatchewan pulse crop industry. Specific purposes are:

1. To promote and develop the pulse crop industry in Saskatchewan;

2. To develop procedures to maximize returns to producers of pulse crops;

3. To gather, compile and distribute information related to production, consumption and marketing of pulse crops;

4. To conduct and encourage research on the production, marketing, processing and consumption of pulse crops; and

5. To promote and improve understanding among individuals and organizations within the pulse crop industry.

Producer Marketings

During 1988, 5,795 producers registered with the Board. This is an increase of 24.6% from 1987. The levy collected from these producers amounted to $285,223.00. The estimated value of Saskatchewan pulse crops marketed in 1988 was $57.0 million dollars.

Activities in 1988

Through the administration of a check-off program, the Board generates funds for administration, research, promotion and development. Some of the activities in 1988 included eight Board meetings and the production of seven newsletters. Two field days were organized for Star City and Eston to acquaint producers with ongoing research projects. Representatives of the Board also participated in activities related to domestic market development, research and promotion of pulse crops.

Research Projects

The Board supported 27 research projects during 1988. Along with the $200,000.00 collected through the check-off for research purposes, an additional $211,000.00 was received from funding agencies to co-sponsor research and market development with a total investment of $411,000.00 in 1988.

Outlook for 1989

Relative to the poor crop year as a result of the 1988 drought, the price outlook for 1989 is optimistic. The increased number of registered producers and the increased amount of funds invested in research are expected to generate significant improvement in the volume and quality of pulse crops marketed in 1989.

The Saskatchewan Sheep and Wool Marketing Commission

The Directors appointed to the Saskatchewan Sheep and Wool Marketing Commission for 1988 were:

Dale Donald**, Chairman, Rockhaven
Larry Sothmann, Vice-Chairman, Elrose
Elaine Clarke, Spy Hill
Leslie Flaig, Piapot
Virginia Fox*, Lloydminster
Edward MacCallum**, Swift Current
Dylan Roberts*, Melfort
Colleen Sawyer, Vanscoy

Jim Koal, General Manager, Saskatoon

* These members were appointed to the Commission on November 2, 1988.
** These members retired from the Commission on November 2, 1988.

The Saskatchewan Sheep and Wool Commission provides a marketing service for producers who wish to have the Commission market their sheep and wool. The Commission also administers a check-off on sheep and wool which is used to fund research, development, promotion and defray administration costs.

1988 Marketings

The following table is a summary of the Commission's marketings for 1986 to 1988.

Marketing Summary 1986-1988

	1986	1987	1988
No. of Lambs Marketed	7,310	6,817	5,182
Average Gross Value/Head	$80.11	$39.40	$77.61
Average Selling Cost/Head	$5.43	$6.12	$6.31
No. of Sheep Marketed	1,383	1,039	863
Average Gross Value/Head	$43.75	$48.26	$36.08
Average Selling Cost/Head	$4.90	$5.61	$5.79
Total No. of Sheep & Lambs Marketed	8,693	7,856	6,045
Total Gross Value	$646,130	$661,003	$417,479
Total Selling Cost	$46,513	$47,702	$37,301
Average Selling Cost/Head	$5.35	$6.05	$6.17

Review of 1988

Significant steps were taken in 1988 that are expected to provide the Saskatchewan sheep industry the impetus for renewed growth and development. These steps included the following activities:

1. An industry marketing study conducted by Harvest Foods Consulting made the following recommendations:

   a) A three pronged development strategy should be implemented to increase commercial sector competitiveness, increase farm-gate sales and to strengthen access to out-of-province markets;

b) The commercial sector should address ways of lowering the costs of production and marketing;

c) The opportunity of developing a feedlot industry in Saskatchewan should be studied:

d) Special projects to develop, demonstrate and transfer production technology were endorsed and recommended for expansion; and

e) Strategy for expansion and promotion of the farm gate market requires attention.

2. Representatives of industry producer groups met on May 29, 1988 to endorse the recommendations of the Harvest Foods study and to proceed with the development of a proposal for a producer elected board to administer a Sheep Development Plan for the industry. Under the observation of the Council, a series of meetings with representation from all known producer groups developed a proposal that was presented to the industry. At the end of 1988, the Council was preparing to recommend to the Minister of Agriculture as to whether a vote should take place on the establishment of the proposed plan.

Other activities that met with success in 1988 included the completion of a three year project to demonstrate the use of irrigated pasture in sheep production. Preliminary results were very positive for beginning producers. The program would be continued in 1989. Tripartite stabilization continued to meet with positive response from Saskatchewan producers and is expected to expand in 1989.

Outlook for 1989

A steady North American market is expected to prevail in 1989. Lamb prices took a significant drop in 1988 due to an oversupply of over fed lambs in the American mid-west. However, prices began to recover before the end of 1988 and are expected to reach normal levels in 1989.

The Saskatchewan Turkey Producers' Marketing Board

The Directors of the Saskatchewan Turkey Producers' Marketing Board in 1988 were:

Dennis Billo, Chairman, Bruno
Perry Kirkham, Vice-Chairman, Saltcoats
Jack Rynsburger, Melville
Ed Rosenberg, Humboldt
Fred Kurulak, Biggar

Fred Longstaff, Manager, Saskatoon

The Saskatchewan Turkey Producers' Marketing Board participates in the Canadian Turkey Marketing Agency (CTMA) to manage the quantity of turkey produced in Saskatchewan. The Board also establishes the minimum price at which turkeys produced in Saskatchewan are sold. The objective of the Board is to improve and stabilize producer returns.

Production and Marketing

The following table gives a historical account of production volume and value of commercial turkeys sold in Saskatchewan:

Turkey Marketings 1984 - 1988

Year	Number of Producers	Production (tonnes evisc.)	Production Value (000's of $)
1984	23	3,780	6,836
1985	23	3,854	6,900
1986	25	3,995	7,236
1987	23	4,350	7,635
1988	25	4,305	7,515

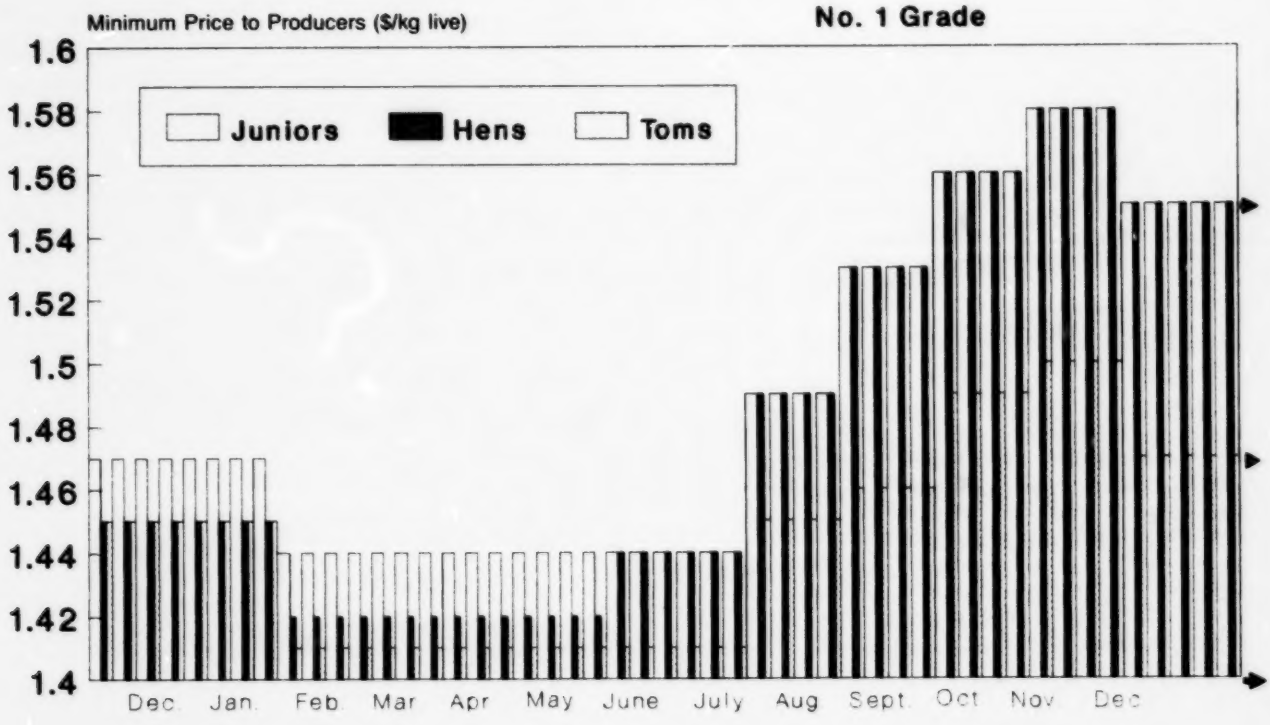
The disposition of marketings on an eviscerated basis is shown in the table below.

Market Breakdown by Destination 1987-1988

	Kilograms (evisc)	Percentage 1987	1988
In-Province - Sask.	2,481,051	60.7	57.6
Out-of-Province			
- Alberta	942,882	22.1	21.9
- Manitoba	881,804	16.4	20.5
Total Marketings in 1988	4,304,737	100.0	100.0

In 1988, total marketings by Saskatchewan producers were 4,304,737 kgs (eviscerated). There were seven price changes in 1988, and based on minimum prices, the Board's average price for all turkeys was $1.45/kg for a total value of $7,515,465. This represents a 1.6% decrease in value of marketings over 1987. The following graph illustrates the 1988 price fluctuations.

Turkey Producer Price Changes in 1988



Source: Sask. Turkey Producers Marketing Board Price Bulletins Nos. 117-124

Review of 1988

Canadian storage stocks, while down by 2 million kgs. from 1987 were still burdensome at 15 million kgs. Quota allocation was reduced by 3% to 113 million kgs. (evisc.) from 1987. Saskatchewan's share is approximately 3.9% of Canadian allocation.

In Saskatchewan, the June 1988 heat wave caused a poultry shortage throughout the balance of the year, contributing to marketing shortage, particularly in toms. Based on CTMA reports and average producer prices, Saskatchewan was able to stay at or above the cost of production until about August, when returns tended to be short. By year end, Saskatchewan producers were below the cost of production by as much as 8.5 cents per kilogram.

The distribution of quota is described in the table below.

Saskatchewan Turkey Quota Distribution 1987-1988

(live kgs/yr)

Production Category (× 1000 kg.)	Number of Producers 1987	1988
10 - 99	8	9
100 - 199	7	8
200 - 299	3	3
300 - 399	2	2
400 - 499	1	1
500 - 599	1	1
600 and over	1	1
Total	23	25

Outlook for 1989

Consumption of turkey is expected to be higher in 1989 by approximately 4.0%. To reduce inventories accumulated in 1988, and to compensate for an additional 1.7 million kgs of global imports allowed under the Free Trade Agreement, national and provincial quotas are not expected to increase in 1989. Saskatchewan producers continue to observe the progress of the GATT negotiations. The market outlook for 1989 is for no substantial relief from high chicken and turkey inventories, competitive prices from "like" meats and high feed prices.

The Saskatchewan Vegetable Marketing Commission

The Saskatchewan Vegetable Marketing Commission was discontinued on July 8, 1988 when the new Saskatchewan Vegetable Marketing and Development Board was established. Directors of the Commission during January 1, to July 8, 1988 were:

William Childerhose, Chairman, Outlook
Don Dabbs, Saskatoon
Eugene Johns, Henribourg
Carl Larson, Radville
Kim MacDougall, Lumsden

Note: Messrs. McDougall and Dabbs had retired from the Commission prior to July 8, 1988 but replacements were not made because of the pending establishment of the new board.

Industry Status

Over the last three years Saskatchewan has increased production of potatoes. Total fresh market inventories were estimated at 18,100 tonnes in 1988. Analysis for the period of November 27, 1987 to January 29, 1988 shows Saskatchewan's percentage of domestic unloads at 87.3% and the percentage of total unloads at 81.1% of disappearance. Unloads at these levels indicate a market nearly saturated with domestic inventories once normal transfers are deleted.

The Saskatchewan market has experienced a gradual erosion in prices. High production levels outside of Saskatchewan compared with a trend towards gradual displacement by Saskatchewan producers of historically imported products has led to a predatory market. It is expected that the establishment of the new board will provide a stabilizing influence in the market place so that producers may secure fair access to the market.

Research

Ongoing research at the University of Saskatchewan, coupled with a market prospectus of the U.S. seed potato requirements, has given rise to some interest in increasing Saskatchewan's seed potato production for export. Preliminary work has started towards establishment of an Elite seed facility capable of servicing such a market.

Saskatchewan Vegetable Marketing and Development Board

The Saskatchewan Vegetable Marketing and Development Board was established on July 8, 1988 under the authority of The Natural Products Marketing Act. The interim board of directors appointed to get activities underway were:

William Childerhose, Chairman, Outlook
Harry Meyers, Vice Chairman, Outlook
Eugene Johns, Henribourg
John Langford, Craven
Carl Larsen, Radville

Don Jaques, Interim Manager, Regina

The general purpose and intent of the vegetable plan is to provide for the orderly and effective development of the Saskatchewan vegetable industry. Its goals are to:

- promote and develop the vegetable industry in Saskatchewan;
- maximize returns to vegetable producers;
- gather and distribute production, consumption, and marketing information relating to vegetables;
- advertise and promote vegetables;
- encourage production to meet domestic and export market needs;
- promote and improve understanding among individuals and organizations in the vegetable industry;
- work with persons within and outside Saskatchewan to improve the vegetable industry;
- encourage vegetable processing in Saskatchewan, and
- conduct, encourage, and assist in carrying out research relating to the production and marketing of vegetables.

1988 Review

Due to the establishment of the Board rather late in the summer, the Board was not up and running until late in the year. The first priority was to hire an interim manager capable of providing the necessary expertise to begin operations. Mr. Don Jaques was hired for this position. The Board proceeded with registration of producers, dealers and other persons involved in the production and marketing of vegetables. This would allow for the dissemination of information regarding production, marketing and research to the vegetable industry.

Progress was made towards registration of producers eligible to vote for the first election of a board of directors. The Board is expected to be fully operational before the 1989 vegetable marketing season.

National Marketing Agencies

The Natural Products Marketing Council is a signatory to three federal-provincial agreements which have established national marketing agencies for chicken, turkey and eggs. National agencies, consisting of producer representatives from each participating provincial commodity board, operate as a result of these agreements. The agencies manage the quantity of these products produced in Canada. The agencies include the Canadian Chicken Marketing Agency, the Canadian Turkey Marketing Agency and The Canadian Egg Marketing Agency. Saskatchewan is not a signatory to the Canadian Broiler Hatching Egg Marketing Agency.

Each national agency allocates a Canadian quota among participating provincial commodity boards, who in turn allocate their provincial allotments to individual producers within provincial boundaries. The national agencies target production to meet market demand at a price which covers the average producer's cost of production plus a reasonable return on investment. The Canadian Egg Marketing Agency prices eggs centrally, while provincial commodity boards price chicken and turkey.

As a signatory to each of the federal-provincial agreements, the Natural Products Marketing Council has duties relating to the operations of the national marketing agencies. No meetings of the signatories to the agreements were held in 1988. As a result the National Farm Products Marketing Council called seminars in 1988 of supervisory board representatives to review current activities and issues relevant to the performance of the national poultry marketing agencies.
The supervisory board seminars dealt with the following issues:

a) The intentions of the province of British Columbia regarding membership in the CCMA were reviewed. The implications of B.C.'s refusal to follow the terms of the Federal/Provincial agreement were discussed. The outcome was B.C.'s official notice, on December 19, 1988, of withdrawal from the CCMA.

b) The Review of Supply Management Operations in chicken, eggs and turkey was discussed in terms of steps taken to implement recommendations to improve the marketing systems' responsiveness to the market, increase public acceptability and maintain stability in the poultry industries.

c) The National Council/CEMA Liaison Committee recommendations were reviewed. Mechanisms were endorsed which could provide CEMA with the ability to efficiently move eggs interprovincially, however, the mechanisms required changes in the Federal/Provincial Agreement on Table Eggs. Regional meetings were held in the fall of 1988 to obtain endorsement of provincial commodity boards but a signatories meeting was not convened because complete agreement was not gained at that time.

d) CEMA's Surplus Removal program was reviewed as costs and volumes of surplus were escalating. A 2% quota cut put into effect in 1988 did not appear to be enough to bring CEMA's impending deficit under control.

e) Quota Allocation Procedures were being updated and reviewed by CTMA and CCMA. Formulas and procedures for allocating over-base quota were expected to be made more sensitive to market changes and provinces' ability to efficiently produce chicken and turkey products.

f) Progress with the Free Trade Agreement and GATT were reviewed. Supervisory councils would continue to monitor the response of national marketing agencies as negotiations continued and trade developments occurred.